



COMMONWEALTH of VIRGINIA
Department of Education

DATE: June 8, 2018
TO: Division Superintendents
FROM: James F. Lane, Superintendent of Public Instruction
SUBJECT: **Adoption of the Fiscal Year 2018 Caboose Budget and the 2018-2020 Biennial Budget by the 2018 Special Session I General Assembly and Signed by Governor Northam**

Section 22.1-93, *Code of Virginia*, requires the Department of Education within fifteen days following final adjournment to provide "...estimates to be used for budgetary purposes relative to the Basic School Aid Formula..." based upon the budget actions taken by the General Assembly with respect to public education. The revenue estimates provided in this memorandum represent the state funding that is projected to be distributed to school divisions in fiscal years 2018, 2019, and 2020 based on final budget actions by the 2018 Special Session I General Assembly. The General Assembly adopted its final changes to the fiscal year 2018 "caboose budget" and the 2018-2020 biennial budget on May 30, 2018. Governor Northam signed both budget bills on June 7, 2018, without amendment or veto.

The amendments adopted to the Direct Aid to Public Education budget for fiscal year 2018 are mostly technical in nature. The budget bill containing the General Assembly's adopted amendments for fiscal year 2018 was House Bill (HB) 5001, which, upon the Governor's signature, was enacted as Chapter 1. Fiscal year 2018 began on July 1, 2017, and ends on June 30, 2018.

The budget bill containing the General Assembly's adopted amendments for the 2018-2020 biennium was House Bill (HB) 5002, which, upon the Governor's signature, was enacted as Chapter 2. Fiscal year 2019 begins on July 1, 2018, and ends on June 30, 2019. Fiscal year 2020 begins on July 1, 2019, and ends on June 30, 2020.

The attachments to this memorandum provide information on the final budget changes enacted in the two budgets. Unless changes are specifically noted in the attachments, Governor Northam's proposed amendments contained in the introduced versions of HB 5001 and HB 5002 were adopted by both the House of Delegates and the Senate.

[Attachment A](#) (Word) to this memorandum provides detailed information on the funding changes adopted by the General Assembly to Governor Northam's amended fiscal year 2018 budget (HB 5001) that impact the Direct Aid to Public Education and the Department of Education Central Office budgets. These final budget actions were enacted in the Chapter 1 budget signed by Governor Northam.

[Attachment B](#) (Word) to this memorandum provides detailed information on the funding changes adopted by the General Assembly to Governor Northam's introduced 2018-2020 budget (HB 5002) that impact the Direct Aid to Public Education and the Department of Education Central Office budgets. These final budget actions were enacted in the Chapter 2 budget signed by Governor Northam.

The projected Direct Aid payments enacted in the Chapter 2 budget for the 2018-2020 biennium use the Department of Education's latest projections of March 31 average daily membership (ADM) for each school division for fiscal years 2019 and 2020. The payments do not include the direct grants (Financial Assistance for Supplemental Education service area) authorized by the General Assembly that are unique to certain

school divisions. Several of the categorical, incentive, and Lottery-funded account payments are funded on a reimbursement basis and represent the Department's latest projected payments; however, final payments on these accounts in fiscal years 2019 and 2020 will be based on actual, eligible reimbursement requests submitted by school divisions. If you wish to see the effects of a different ADM on funding for your school division, please use the Excel calculation files described in the next paragraph.

Two downloadable Excel files have been created to assist school divisions in calculating projected state payments. For further information related to the fiscal year 2018 enacted "caboose budget" calculation template, which has been updated based upon final March 31, 2018 ADM, please refer to the final payments superintendent's memorandum, which will be released in the coming days. The 2018-2020 Excel calculation file gives divisions the opportunity to change ADM to test the effect on projected state funding and local match requirements using the Department's projected ADM or a local projection of ADM. Although we have confidence in the accuracy of our ADM projections on a statewide basis, experience has shown that the accuracy of our projections for individual divisions may vary. When divisions believe that they have more accurate projections of their March 31 ADM, they are encouraged to substitute their estimates for those provided in this memorandum when using the 2018-2020 Excel calculation file.

Please note that changing the ADM value in the Excel files only changes the estimated funding for accounts that are funded on the basis of ADM; the estimated funding for all other accounts is unaffected by changing ADM in the Excel file and, therefore, remains the same. The fiscal year 2019 and 2020 final payments will not be finalized until they are recomputed using actual March 31 ADM and other final program participation information in those fiscal years. The final fiscal year 2019 and 2020 payments based on actual data will be communicated to you in a separate superintendent's memorandum later in those fiscal years. In addition to ADM, the "Enrollment Projections" worksheet provides, for fiscal years 2019 and 2020, the option of entering local enrollment projections for the Remedial Summer School, English as a Second Language (ESL), and Virginia Preschool Initiative (VPI) programs. Please note that division enrollments for VPI are capped at the number of student slots that are funded for each division in the VPI formula for the 2018-2020 biennium.

Also note that sales tax estimates in the Excel calculation files are revenue projections only. Actual sales tax payments made to school divisions in fiscal years 2018, 2019, and 2020 on a semi-monthly basis will be based on actual sales tax receipts. Pursuant to the appropriation act, the Basic Aid entitlement calculation is based on the estimated sales tax appropriation only and is not adjusted for actual sales tax revenues received during the year.

The Excel calculation files referenced in this memorandum show state payments, required local effort for the SOQ accounts, and required local matches for incentive and Lottery-funded accounts calculated based on actual March 31 ADM for fiscal year 2018 and projected March 31 ADM for fiscal years 2019 and 2020. The Excel files may be downloaded from the following address:

- [Excel Calculation Templates Website](#).

For assistance downloading the Excel calculation templates, please refer to the instructions available at the following link:

- [Excel Calculation Template Download Instructions](#).

Questions regarding the enacted budgets for fiscal year 2018 and the 2018-2020 biennium may be directed to Kent C. Dickey, Deputy Superintendent for Finance and Operations, or budget office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov ✉.

JFL/eml

Attachments:

- A. [FY 2018 Caboose Budget General Assembly Amendments](#) (Word)
- B. [2018-2020 Biennial Budget General Assembly Amendments](#) (Word)

